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Chairman : Mr. Chowdhury ..... (Bangladesh)
later : Mr. Raubenheimer (Vice-Chairman) ..... (South Africa)

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The meeting was called to order at 10.05 a.m.

Speech by the President of the General Assembly (A/58/555)

Agenda item 100: Globalization and interdependence *(continued)* (A/58/394, A/58/94-S/2003/642, A/58/204, A/58/390-S2003/916, A/58/413 and A/58/420)

1. **Mr. Hunte** (President of the General Assembly), introducing to the Second Committee the summary of the High-level Dialogue on Financing for Development (A/58/555), which he had prepared according to resolution of 57/250 of the General Assembly, recalled that most of the Member States, many at the ministerial level, along with 35 intergovernmental organizations and 50 civil society stakeholders from the business sector, academia and non-governmental organizations had come together on 29 and 30 October 2003 in the General Assembly to participate in the first High-Level Dialogue on Financing for Development. For the first time ever, the President of the World Bank and the Managing Director of the International Monetary Fund (IMF) had addressed the General Assembly in plenary session describing their strategy in that area. The Deputy Director-General of the World Trade Organization and senior officials of United Nations and regional entities had also addressed the Assembly.

2. Speakers in the Dialogue had been frank in their assessments of implementation thus far. So too had been the business and civil society experts who had spoken during the day of hearings on financing for development. The hearings had been an integral part of the Dialogue. All in all, participants had welcomed progress where it had occurred, but insisted that much more was required and that there had been slippage in some areas, notably in disappointing developments in international trade and financial transfers. Many speakers had felt that both developed and developing countries should report on actions being taken to implement the Monterrey Consensus. In that context, there had been many calls for a more precise mechanism for monitoring implementation of the Monterrey commitments and the targets embodied in goal 8 of the Millennium Development Goals.

3. Developing countries and countries with economies in transition had stressed their own primary responsibility for economic and social development and highlighted the importance of domestic resource mobilization for financing development. Echoed by developed countries, they had also emphasized the importance of international support for their domestic efforts to mobilize financial resources for development in implementing the Monterrey Consensus and the Millennium Development Goals. Some countries had also stressed the importance of ensuring the coherence of economic and social development and expressed support for maintaining social expenditure in such priority areas as public health and education as well as expenditure for poverty reduction, rural development and infrastructure. It had however been pointed out that low- and intermediate-income countries suffered from severe and chronic scarcity of resources needed to fund such expenditure. The problem was overwhelming in the least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (ISDSs). Technology and skills transfer as well as investment flows from industrialized countries had been described as a key to the development of the private sector.

4. Many participants had stressed the important role of private flows as a source of investment, technology, skills transfer and economic growth for poverty reduction in developing countries, and some had called for new ways to foster those flows could. The development of a robust and diversified financial sector accessible to small and medium enterprises, micro-enterprises, women and the poor was crucial. Participants had also stressed that the international financial institutions should encourage private investment. Many government representatives had stated that those institutions should increase their support for building necessary infrastructure, especially in the area of data communications, in order to attract direct investment.

5. Several speakers representing Governments and the private sector had discussed various tools for improving the flow of information on investment opportunities in developing countries. Such tools might bridge the information gap and enhance investor confidence. In this regard, several pilot projects initiated by the business sector had been supported, including a global clearinghouse of information on developing countries tailored to the needs of investors. Some participants had called for better policy

coordination among the major industrialized countries to eliminate the macroeconomic imbalances that caused volatility in exchange rates and international capital flows, and impeded sustained financial flows to developing countries. As part of the partnership between developed and developing countries that had produced the Monterrey Consensus, much greater efforts should be made to develop policies that would be consistent with the dual goals of domestic and global stability.

6. Most speakers had considered international trade policy to be a major area of concern that called for convening a major international conference on financing development. In that regard, many participants had expressed dissatisfaction with policies in developed countries that they saw as adversely affecting the international trade of developing countries. Speakers had also charged that developed countries abused the "anti-dumping" measures that were allowed by the World Trade Organization (WTO) by placing limits, not warranted by WTO rules, on competitive imports. Together with capital mobility and trade in goods and services, many participants had expressed the view that greater provision should be made for labour mobility within the international trading system.

7. Speakers had also drawn attention to the volatility of prices in international commodity markets and the persistently low prices for a number of commodities. A number of speakers had expressed concern about developments in international commodity markets in recent years. Developing country farmers, often in the poorest countries, had to absorb the effects of the volatility of international commodity prices and their low values. One proposal to deal with volatility had been to increase development assistance to counter declines during cycles of commodity prices. Another idea had been to consider establishing a mechanism that would provide commodity price guarantees for poor countries. More broadly, it had also been proposed that this matter should be considered at the United Nations in a more comprehensive and focused manner.

8. Regarding WTO negotiations under the Doha work programme, there had been universal concern about the inability to come to agreement at the Cancun ministerial meeting of WTO held in September 2003. Many participants had spoken of the need to resume those negotiations as soon as possible and to work expeditiously towards a conclusion that effectively strengthened development, one that entailed fair and equitable trading rules. There had also been a call to focus on WTO negotiation procedures, which needed to be made more transparent and better take into account developing country views. Since WTO was a key global forum, some participants had called for a closer institutional relationship between WTO and the United Nations, which could better facilitate international consideration of the development dimension of international trade policy and help strengthen its coherence with other dimensions of development policy. Looking more broadly at the structure of the international trading system, a number of participants had emphasized that the role played by regional cooperation was important and asked that it be further intensified.

9. Many developing countries had indicated that they endeavoured to implement policies conducive to sustainable development and poverty reduction and that those efforts should be pursued and intensified with the support of the development partners. Many participants stressed that the terms imposed by multilateral and bilateral donors limited the options open to developing and transition economies in formulating development policies.

10. Many donor-country delegates had reported on the progress made by their countries in increasing aid to developing countries since the International Conference on Financing for Development. Beneficiary and donor countries had concurred that, in practice, assistance procedures and coordination had been improving only slowly and that appropriate measures were necessary in that area. The delegates had noted the persistent gap between expected flows and the prerequisites to the Millennium Development Goals (MDGs). The severe shortage of aid funds could endanger the attainment of the MDGs. Consequently, many speakers had argued for a more active exploration of new and innovative sources and mechanisms of financing, such as the international finance facility proposed by the United Kingdom or levies on the utilization of the global commons or international currency transactions. The proposal for a World Solidarity Fund financed by voluntary contributions had also been mentioned. Many speakers had called for an increase in core resources for United Nations development assistance.

11. Participants had noted that unsustainable external debt levels persisted in many developing countries and constituted an impediment to the achievement of the MDGs and other development objectives. It was felt that the process of the heavily indebted poor countries (HIPC) initiative had been too slow in delivering relief. Many speakers had argued for the introduction of revisions in debt sustainability criteria, since they did not allow for a definitive exit from an unsustainable debt situation. Accordingly, a number of creditor Governments had expressed their willingness to revisit the issue of "topping up", a mechanism devised to deepen the debt relief of those HIPCs that, at completion point, still faced an unsustainable debt situation due to disappointing trade trends or external shocks. While that might be part of the solution, speakers had mentioned that debt sustainability for many low-income countries also required that future official financial inflows should be dominated by grants rather than loans. Several middle-income countries continued to experience severe debt crises, whose resolution was often lengthy, difficult and costly for all involved. Accordingly, participants had argued for further consideration of the creation of an adequate sovereign debt restructuring mechanism. In that regard, many speakers had felt that the United Nations, in consultation with all stakeholders, would be the legitimate forum to address this issue. It was therefore suggested that the United Nations should be more actively involved in seeking ways of restructuring sovereign debt. One option could be the Secretary-General's proposal for the constitution of an informal multi-stakeholder study group on debt workout mechanisms, whose deliberations and conclusions could be reported back to the appropriate decision-making intergovernmental bodies.

12. Many speakers had expressed the view that greater use of the United Nations was required for improved global economic governance and coherence, and for greater consistency of economic, financial, trade, social and environmental issue-treatment and policies. Several country representatives, supported by civil society, had called for a more meaningful institutional relationship between the United Nations and WTO.

13. In the context of the stewardship of the global economy and the monitoring of international economic cooperation and global economic and social trends, a number of speakers had focused on the need for a strong and effective international body, such as an economic and social security council, or a much strengthened and more effective Economic and Social Council (ECOSOC). Some participants had proposed that informal fora for discussion should be established under the United Nations financing-for-development process. They would include stakeholders with an interdisciplinary approach to remove impediments to coherence and cooperation in the current global economic environment. Those participants had supported the Secretary-General's recommendation to convert the Ad Hoc Group of Experts on International Cooperation in Tax Matters into an intergovernmental body with a view to strengthening that cooperation, by contributing in particularly to an increased mobilization of financial resources for the development of developing and transition-economy countries. Many representatives had stressed that the proposed new body should take into consideration the concerns of all countries, including the interests of small developing States.

14. Many speakers had called for a more active involvement of developing countries in multilateral economic decision-making and stressed the importance, for the implementation of the Monterrey Consensus, of the biennial high-level dialogue and the annual spring meeting of ECOSOC with the international financial and trade bodies. Some participants had said that it was important that the heads of the Bretton Woods institutions should participate in those meetings actively.

15. There had been a general agreement that the main focus of the financing for development follow-up process should be on the monitoring and promotion of partnerships for the implementation of the Monterrey Consensus in all its aspects. Many speakers had stressed that a more precise supporting framework was necessary for monitoring the implementation of the Monterrey agreements and commitments on the national and international levels. Several speakers had expressed the view that an additional intergovernmental support mechanism was needed for effective monitoring and follow-up to the financing for development process. Many had proposed to make 2005 an important milestone in assessing the progress made in the implementation of the Monterrey Consensus and the attainment of the Millennium Development Goals.

16. Participants to the High-Level Dialogue had recognized that the financing for development follow-up process was a complex task, requiring commitment, inputs and collaboration by all parties concerned. The text of the Monterey Consensus provided guidelines for that endeavour. Still, a more detailed work plan was necessary to better measure and review progress, to identify problems and areas for priority work, and to introduce innovative procedures for cooperation and the active involvement of all stakeholders. The President of the General Assembly hoped that, as a tangible outcome of the fruitful discussions held as part of the High-Level Dialogue, the General Assembly at the current session would be able to provide guidelines for such an enhanced work plan. Deriving inspiration from the Dialogue, the President had formulated a draft resolution that would be submitted to the Member States for discussion and adoption.

Mr. Raubenheimer (South Africa), Vice-Chairman, took the Chair.

17. **Mr. Aboutahir** (Morocco), speaking on behalf of the Group of 77 and China, said that the benefits and costs of globalization were unevenly distributed and that developing countries faced social difficulties in meeting that challenge. The gap between developed and developing countries necessitated an international economic environment supportive of development and the effective involvement of developing countries in global decision-making. The persistent weakness of many commodity-dependent developing countries would continue to impede their development and growth, sidetracking the attainment of the Millennium Development Goals (MDGs). The contention that trade liberalization produced universally beneficial social and economic effects had yet to be proved. The debt-burden issue had not yet been resolved, official development aid (ODA) had not attained the objectives set by the international community and commodity problems had not drawn the international attention that they deserved. Commitments made at the conferences and summits organized by the United Nations on economic and social issues had not yet been honoured. Morocco was concerned that the international economic environment, characterized by cyclical financial crises, external debt problems, decreasing ODA, commodity market instability and falling prices, uncertainty in the multilateral trading system (MTS) and disparities in foreign-direct-investment (FDI) flows and income distribution worldwide, might become much less conducive to development than before. Hesitant recoveries and absence of a global coordinated approach aggravated the damage caused to global economic prospects by recurrent financial crises in emerging economies, tensions in the trading system and widening income- and technology-gaps. Fears about the effectiveness of global economic institutions had been growing and the recent failure at Cancun has done little to alleviate anxiety and tensions.

18. While all of the leading industrial economies were struggling to recover economic growth, the representative voiced deep concern over adverse effects, apparently unavoidable, on even the most resilient developing countries. Better management of globalization would help to mitigate negative consequences for all developing countries. Many of them had not yet been able to reap the full benefits of the existing multilateral trading system. The representative reiterated the importance of promoting the integration of developing countries into the world economy in order to enable them to take the fullest possible advantage of the trading opportunities arising from globalization and liberalization.

19. The process of reform aimed at strengthening and stabilizing the international financial architecture should be based on a genuine multilateral approach and broad participation, involving all members of the international community, to ensure that the diverse needs and interests of all countries were adequately represented. The United Nations, as a universal forum, was in a unique position to promote international cooperation by ensuring a more equitable sharing of the benefits of globalization.

20. The Group of 77 and China believed that the international community should take all appropriate measures, such as support to developing countries for their structural and macroeconomic reforms, foreign direct investment, increased ODA, seeking a sustainable solution to the external debt problem, allowing market access, providing capacity-building and ensuring the dissemination of knowledge and technology. The Group appealed to the developed countries, particularly the major industrialized economies, to take into account the inevitable effects of their macroeconomic policies on developing countries.

21. The group of 77 and China regretted that the Cancun conference had failed to produce an agreement

addressing the interests and concerns of developing countries, and believed that a resumption and successful conclusion of multilateral trade negotiations organized by the World Trade Organization (WTO) should meet the development objectives of the Doha agenda, ensuring that globalization would be beneficial to all and that the MDGs would be attained.

22. Africa was the continent that was most vulnerable and exposed to the risk of marginalization. Under the New Partnership for Africa's Development (NEPAD), the African countries were launching market-access initiatives under the MTS, and putting forth efforts in other development areas. The international community should support those endeavours.

23. **Mr. Bernardini** (Italy), speaking on behalf of the European Union, said that the acceding countries of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia and the associated countries of Bulgaria, Romania and Turkey aligned themselves with his statement. The Secretary-General's report on the role of the United Nations in promoting development in the context of globalization and interdependence raised the question of whether globalization had gone into reverse. The European Union was not of that opinion, even though the unsatisfactory FDI level, the gradual recovery of the world economy following the 2001 slowdown, and the risk of oscillations in trade liberalization were negative signs of a difficult juncture in the world economy, which was just beginning to turn around. Those cyclical difficulties might have an impact on globalization but did not seem able to reverse the process.

24. Globalisation had the potential to contribute to poverty reduction and MDG attainment, and if it could not be made to work for the poor and to prevent environmental degradation, there would be dire consequences on world peace, development and social justice. It was therefore urgent to manage globalisation better and give it a human face. The priorities and policies formulated at Monterrey, Johannesburg, and Doha had defined a new global partnership for development between developed and developing countries, based on shared responsibilities and mutual commitment and aimed at accelerating economic growth, reducing poverty and promoting sustainable development.

25. The European Union was a global actor equipped and able to improve people's lives far beyond Europe's borders. Aware of its unique potential to play a leading role in ensuring that globalisation worked for the poor and without harming the environment, it constituted the biggest market for poor countries and provided more than 50 percent of development assistance worldwide. Certain that a combination of development co-operation and an open global trade were keys to attaining the MDGs, the EU reaffirmed its commitment to the promotion of international trade as an engine for sustainable development. Inspired by its long democratic tradition and historical experience in regional co-operation, the EU believed that globalization could and should be humanized, and planned to work further in that direction.

26. It would be wrong to ignore or underestimate the social, cultural and environmental implications of globalization, emphasizing only its economic aspects. Migration, an important aspect of globalization, had a substantial and multifaceted impact on the economic situation in the countries of origin and destination. The EU was ready to continue debating the issue in the appropriate fora, and commended the initiative to organize a joint informal meeting of the Second and Third Committees on globalization. The representative of Italy was looking forward to a discussion of a relevant draft resolution, bringing out the importance and the specific aspects of the issue.

27. **Ms. Tahirkheli** (Pakistan) noted that globalization meant different things to different people: to some it was a panacea for all economic difficulties faced by the developing countries, while to others it was a new form of economic, cultural and eventually political domination. For Pakistan, it was a reality that could not be wished away. Propelled by economic and trade liberalization, globalization had resulted in enhanced economic growth and in a remarkable expansion of international trade and global investment flows. Driven by the information and communication technologies (ICT), it had brought about a high level of connectivity between regions and peoples. Paradoxically, however, globalization had also further marginalized some of the least developed countries (LDCs): the symptoms were the widening digital divide, rising income inequalities and concentration of economic power through mega-mergers.

28. The underlying reasons were: first, that the greater trade and investment of recent years had

bypassed the majority of developing countries; second, that the gains from liberalization had been blatantly asymmetrical in favour of the developed countries, as areas of trade in which developing countries had particular interest, such as textiles, agriculture and the movement of persons were being liberalized at a much slower pace than those which were of greater economic interest to the developed economies, such as information technology and telecommunications; and third, that globalization had been accompanied by an accentuation of income disparities amongst and within countries, with obvious negative implications for large population segments. An erosion of the middle classes in many countries had inevitable negative consequences for the stability of democratic systems. Given the increasing integration of national economies, it was clearly beyond the capacity of individual countries, whether developed or developing, to manage the process of globalization by themselves.

29. The need to turn globalization into a positive force for all peoples of the world and to reduce suffering in the developing countries was stressed in the Millennium Declaration and the Monterrey Consensus, and recognized by the World Trade Organization (WTO) and the Bretton Woods institutions (BWIs). Unfortunately, the developing countries still faced many complex and multidimensional problems, as globalization continued to further disadvantage them and hinder their development.

30. Genuine globalization required that the developing countries should be properly integrated into the global economic system. It implied opening developed country markets to freer cross-border flows of goods, technology, capital, information and people. Resolving the issue of the unsustainable debt burden of developing countries, bridging the existing capacity- and resource-gaps and ensuring the participation of developing countries in international decision-making and norm-setting procedures were keys to mobilizing development.

31. Unfortunately, international development cooperation currently lacked such elements. There was no transfer of resources from the developed to the developing countries. In fact, the opposite was true. As a result, liberalization benefited only a small part of the earth's population.

32. Measures should be taken to insure that the forces unleashed by globalization served social ends and promoted equitable development worldwide. First, it was necessary to build the capacities of multilateral institutions to address trade, finance and development issues in an integrated manner. Second, the institutions responsible for defining the rules of the globalization process, i.e., the International Monetary Fund (IMF), WTO and the World Bank WB), should be made more democratic, transparent and inclusive. Third, the perennial issues of debt, access to technology and development finance should be addressed systematically. Fourth, international trade rules should reflect the wide disparities of developing and developed countries in their ability to compete on the global markets. Fifth, tackling linkages between globalization and sustainable development should focus on formulating and implementing policies that simultaneously promoted the three components of sustainable development.

33. **Mr. Rahman** (Malaysia) stated that Malaysia has strongly criticized the serious impact of unfettered globalization on the developing economies and the danger of further impoverishment and marginalization that they faced. The Asian financial crisis that had battered and crippled economies in the region had been a stark example of the need to establish checks and balances on the process of globalization while promoting free trade and liberalization.

34. Malaysia realized that globalization was unstoppable and was bound to characterize the future development of the international economic. It therefore believed that urgent and appropriate attention should be paid to efforts to manage the globalization forces. Only rules, regulations, international agreements and conventions would bring about win-win situations for all, ensuring a prosperous and stable global environment. Greater interdependence was also required.

35. It was encouraging that the global debate on globalization was taking place in landmark international conferences and summits which had charted pragmatic goals, strategies and plans of action. However, Malaysia regretted that little progress had been made towards meeting commitments, particularly in respect of the MDGs. On the whole, the advantages of liberalization had yet to materialize, and even when they did, the benefits were distributed very unevenly among and within countries. Few developing countries

were expected to achieve desired rates of growth by the end of 2004. Unless the developed countries tried harder to meet their pledges and obligations, globalization could not be managed as envisaged in the global consensus.

36. The glaring gap between developed and developing countries in respect of the technological and information revolution had to be bridged. Malaysia hoped that the initiative of the International Telecommunications Union (ITU) and the Secretary General to convene a World Summit on the Information Society (WSIS) would be able to contribute towards performing that task.

37. The Heads of State or Government of Non-Aligned Movement (NAM) countries, at their 13th Conference, had denounced the continuing marginalization of the developing countries, which were deprived of the benefits of globalization, and the persistent income gaps between the developed and developing economies in the face of globalization. Developing countries needed continued assistance to build their economic, technological, trade, industrial and institutional capacities in order to enter and compete in the global market. Their efforts should be supported and encouraged by the organizations of the United Nations system and by the developed countries. The participation of developing countries in the decision-making of international financial institutions and multilateral trading organizations should be enhanced. Their views and concerns could not be ignored, because they were the majority in trade and economic negotiations and therefore stood to suffer or benefit most from the decisions of those bodies.

38. Malaysia and other developing countries believed in the dynamics of free trade, open economy and the market mechanism. But they also held that free trade should be premised on fairness and a level playing field ensuring that developing countries would share the gains from trade liberalization. International development efforts should therefore focus on providing an enabling international economic environment, favourable to developing countries.

39. **Mr. Kondakov** (Russian Federation) pointed out that the spontaneous and uneven nature of globalization was putting an additional burden on the global economy, deepened social and economic disparities between States and created a breeding ground for potential crises in many regions of the world, which were interdependent. This not only aggravated international security problems existing already, but also generated new risks and challenges.

40. The Russian Federation believed that globalization could be managed efficiently, with a view to neutralizing its negative effects and enhancing its benefits, only on the basis of a collective and comprehensive approach taken by the international community. The United Nations, as the most universally representative body in the world, should play a central coordinating role in those activities.

41. Better coordination of international monetary, financial, trade, economic and investment policies was crucial to managing globalization. Progress would largely depend on increased interaction, on the basis of the Monterrey Consensus, among the United Nations, the Bretton Woods institutions (BWIs) and - this was essential after the setback suffered at the Ministerial Conference at Cancun - the World Trade Organization (WTO).

42. The United Nations played an increasingly important role in helping developing and transition-economy countries to use the opportunities of globalization through integration into the world economy, especially in the areas of international trade and foreign investment. The Russian Federation shared the Secretary-General's view that the Doha Development Agenda defined an area with the highest potential in respect of meeting the MDGs. The transformation of WTO into a truly universal organization would largely contribute to the integration process. The Russian Federation believed that accession of new members to WTO should be non-discriminatory.

43. Global trade regulation mechanisms could not be effective without regional integration. In that context, the recent signature by the leaders of Belarus, Kazakhstan, the Russian Federation and Ukraine of instruments to establish a Common Economic Space set a positive example. That "Group of Four", the Russian Federation hoped, would become a driving force for further integration in the former Soviet territory.

44. A typical feature of globalization was the increased role of the private sector in the world economy. Globalization had made business a key element of development. The prospects for a full attainment of the Monterrey and Johannesburg targets

depended on the productive involvement of the private sector and the other stakeholders in the common efforts. The Russian Federation was convinced that the United Nations constitutes the most appropriate platform for developing partnerships that would ensure coordinated work by the stakeholders, a balanced pursuit of their interests, transparency, accountability and conformity with United Nations objectives. It unreservedly supported and encouraged strengthening the links between the United Nations and the private sector.

45. Nevertheless, the international community should not rely exclusively on the market's "invisible hand", which could turn into an "iron fist". National and international strategies should take into account the social aspects of globalization.

46. The Russian Federation concurred with the Secretary-General's view that there was a need to deepen the debate on globalization by means of a more detailed study of its specific aspects. In that context, the following year's report on globalization could be focused on specific institutional and systemic issues.

47. **Mr. Balarezo** (Peru), speaking on behalf of the Rio Group (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela), said that one of the main conclusions reached at United Nations summits and major conferences had been that globalization should be managed in a way that would strengthen poverty reduction and the effort to attain the Millennium Development Goals (MDGs). After years of such endeavours, the Rio Group was concerned that many developing countries continued to be marginalized and did not reap the benefits of globalization and interdependence. Although some countries managed to adapt themselves to changes induced by globalization, the technology and income gap between developing and developed countries had widened.

48. To continue promoting development in view of globalization and interdependence, greater coherence in the various areas of the international economic relations was necessary. The representative of Suriname recalled that the international community had agreed to enhance the participation of developing countries in the decision-making process of international economic bodies and fora; raise the transparency of the international monetary and financial systems; adopt effective and innovative measures to mobilize resources for development and democratic process; broaden the coherence between international economic and development policies; reduce trade imbalances; inverse the current negative net transfers by which the developing countries financed the developed economies; implement solid social policies; and place the international financing system on a genuinely multilateral footing reflecting the interests of developing countries.

49. The Rio Group believed that the United Nations played a central role in promoting a coherent global policy in view of globalization and interdependence. The Group considered the provision for progress assessment resolution 57/270B of the General Assembly on the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields to be a good starting point for the implementation of the goals set by the international community. That process should be deepened, particularly by focusing on the potential of the United Nations system to harness globalization to development.

50. **Ms. Al-Saie** (Bahrain) said that the international community should take measures to turn globalization into a force profitable to humanity as a whole, so that all countries could benefit from it equitably to attain the goals of sustainable development and poverty reduction. The developed countries had used technology for their economic and social development, reaped the benefits of globalization and secured access to world markets.

51. The developing countries, on the other hand, were less competitive, particularly in the areas of technology, data processing, investment and human resources. Deprived of the advantages of globalization, they risked experiencing only its adverse effects. To overcome that negative impact, they should on a national level take measures to reinforce justice, democracy, transparency and good governance, and promote public-private partnerships. Governments should define the private sector's specific role in development.

52. The international community should support the efforts of developing countries by harnessing technology to development, offering those countries

financial support, seeking a sustainable solution to their external debt problem and reducing import duties. It should facilitate the integration of developing countries into the multilateral commercial system.

53. Bahrain was formulating a development strategy adjusted to its national interests and aimed at overcoming the worldwide economic recession, in particular through economic and political reforms. In February 2000, the Constitution had been amended and a national Council set up. Women had obtained the right to vote and a constitutional court had been established. The United Nations Development Programme (UNDO) had mentioned these reforms in the Human Development Report of 2003 as an example to follow.

54. The failure of the World Trade Organization (WTO) conference at Cancun compelled the international community to resume negotiations and to strengthen cooperation for sustainable development.

55. **Mr. Bodini** (San Marino) likened globalization to a tidal wave that could not be controlled or neutralized. San Marino, the oldest republic in the world, had no choice but to accept the powerful changes that the phenomenon entailed. Despite the short- and medium-term pitfalls that globalization could cause early on in some parts of the world, no long-term effort should be made to arrest it in the long term - even if that had been possible. The question was how to balance that process among developed, developing and least developed countries, and how the advantages of liberalization, including the free flow of raw materials, skilled and unskilled labour, capital, finished goods, and ideas, could be shared by all.

56. San Marino believed that it was incumbent upon local communities and governments to carry out the appropriate adjustments realistically. Each country should seek to become economically sound by focusing on its particular assets. Only when a country assumed responsibility for its own destiny could international organizations provide credible and sustainable assistance.

57. San Marino welcomed the Monterrey Consensus and the Millennium Development Goals (MDGs). The progress made in China and India was a great example to follow. The negative experience of other countries had been a consequence not only of globalization but also of transition from an oppressive regime and a closed economy to democracy and economic freedom. That transition phase was not yet complete.

58. The wish of industrialized nations to protect and subsidize their farmers, pillars of their social structure, was understandable. Those countries had a responsibility to take care of their farmers just as they had an obligation to protect their environment, landscapes and history. But it was also the duty of developed economies to help the developing and least developed countries to succeed in their transition. The developed countries and international organizations should also encourage the developing and least developed countries to focus on exploiting specific economic and commercial niches where they enjoyed a competitive advantage. That process should be partially funded by the developed countries and monitored by the international organizations.

59. **Mr. Dasmunsi** (India) said that globalization had been expected to lead all nations to sustained and equitable growth but had turned out to have an uneven impact and produced income and wealth disparities between or even within nations. It was necessary to examine the specific problems of developing countries, in particular the decrease of foreign direct investment (FDI) and the lack of external assistance that would help to carry out reforms. Establishing an enabling international economic environment and taking concerted measures to better integrate the developing countries into the world economy were also necessary, along with aggressive programmes for poverty eradication and priority infrastructure development, including power and transport. India's objective to achieve an annual rate of growth of 8% by 2007 had been predicated on its ability to utilize the positive aspects of globalization. Participants in the Millennium Summit had resolved to turn globalization into a positive force and the international community had agreed to a development-oriented framework for sustained economic growth and sustainable development for all. The international community should muster the political will to translate those commitments into specific measures, particularly through access to technology. On the principle of common but differentiated responsibilities, the developed countries should take the lead in setting sustainable consumption and production patterns.

60. India believed that continued efforts were needed to facilitate the access of developing countries to information and communication technologies (ICT).

India's national experience had demonstrated that information technology had an enormous potential for the development of nearly all national sectors of activity. India had therefore set the target of "information technologies (IT) for all by 2008". On a global level, the main current challenge was bridging the digital divide, and hopefully the World Summit of the Information Society (WSIS) would address that issue.

61. Globalization affected migration and the enterprise system in view of the international context. Immigration control measures could act as non-tariff barriers. India therefore believed that developed countries should demonstrate far greater readiness to accept transboundary movements of persons in keeping with the free movement of capital, goods and services. Generation of employment was crucial to the efforts of developing countries to improve their quality of life, and the developed countries should take steps to dismantle their agricultural subsidies and allow developing countries greater market access. United Nations conferences and summits had already brought about a shared vision of globalisation: it should be given a human face and the developing countries should be helped in their efforts to attain the Millennium Development Goals (MDGs). The United Nations was uniquely placed to play an important role in that regard.

62. **Ms. Freudenschuss-Reichl** (Observer, United Nations Industrial Development Organization (UNIDO)) said that imbalances among countries in terms of technological advance, participation in the world trade, economic growth and employment had caused growing discontent with globalization, whose impact had spread unevenly as countries were unequally prepared to deal with economic and technological advances and with the increasingly volatile conditions of an integrated world. Many countries faced structural problems that limited their ability to diversify into various sectors and reduce their vulnerability to international shocks by remaining autonomous vis-à-vis external forces. There was a need for a global trading and financial system that supported development, taking into account the role of the State and the specific capacities of each country. There was also a need to resume multilateral trade negotiations as soon as possible in order to reduce the imbalances of the current global trade system.

63. An integrated approach, with concrete initiatives and programmes to help developing countries, particularly the least developed ones (LDCs), to meet the difficulties and enjoy the benefits of globalization, was therefore necessary. Developed countries should provide technical and financial assistance for such initiatives. UNIDO contributed to that effort: it participated in capacity-building in developing countries, promoted technical cooperation and technology transfer programmes, concentrated its assistance on LDCs, promoted the development of small and medium enterprises (SMEs), and fostered environment-friendly programmes. Focusing on industrial development, UNIDO helped countries to perform necessary structural changes, and planned to continue its activities, convinced that an urgent reassessment of globalization was required to avoid further aggravation of existing imbalances.

64. **Mr. Zhang Yishan** (China) said that globalization had strengthened the links and heightened interdependence among nations but the gaps between the North and South, the rich and poor, were steadily widening. While developed countries were enjoying the dividends of globalization, developing countries were beset with serious problems such as poverty, inadequate financial resources, a heavy debt burden, deteriorating terms of trade, and a low level of technological development, which further marginalized those countries and might even threaten their social stability. The challenge facing the world was how to secure a common development and ensure that globalization became a positive force for all. The international community urgently needed to formulate a globalization management strategy based on global economic system reform; compliance with multilateralism and the principles of justice; democracy and the rule of law; and greater involvement of developing countries in decision-making. The United Nations should play a central role in managing and regulating globalization. Full attention should be paid to the role of trade. It was worrisome that many distortions and unfair practices still hampered the efforts of developing countries to achieve the goals that had been set. The international community should treat trade issues from a development perspective and open up markets to products from developing countries with a view to promoting the healthy development of international trade. National policies should go hand-in-hand with proactive international cooperation within a global environment conducive to partnerships. It was

imperative to foster the progress of science and technology and narrow the digital divide. The international community should provide assistance to developing countries in science and technology to enable them to catch up with the new round of technological progress.

65. **Mr. Richardson** (St. Kitts and Nevis), speaking on behalf of the Caribbean Community (CARICOM), said that while some countries were integrating successfully into the global economy, others were being marginalized. The challenge therefore was to find the most effective way of managing globalization to promote an equitable and sustainable development for all. The existence of CARICOM was based on the very concept of strengthening economic integration, particularly through trade and financial flows and through the transboundary movement of persons and knowledge. Small and vulnerable developing economies like those in the Caribbean were more exposed to the negative effects of globalisation. CARICOM economies had been taking major steps to reduce the adverse effects of globalisation by building mechanisms aimed at enhancing their economic competitiveness and by pursuing prudent macroeconomic policies in a setting of regional integration.

66. CARICOM believed that the role of the United Nations in global economic policy should be strengthened. The United Nations University should undertake collaborative work with institutions in developing countries, particularly Small Island Developing States (ISDSs). The representative stressed the importance of partnerships and reaffirmed the Group's commitment to multilateralism. To ensure that globalization became a positive force for all in conformity with the Millennium Declaration, international cooperation was necessary and foreign direct investment (FDI), which entailed the transfer not only of physical capital but also of technology, had the potential to contribute to development. Trade, migrant remittances and tourism, three important contributions to economic growth in the Caribbean, had been seriously hampered by the current global security concerns and the CARICOM countries wished to contribute to seeking a viable solution. Dependent economically on financial remittances sent home by migrants, CARICOM supported the International Convention on Protection of Rights of All Migrant Workers and Members of Their Families, which had entered into force in July 2003. Aware of the problem of illegal immigrants, it believed that initiatives aimed at poverty reduction and sustainable development would be central to addressing the problem. The illicit drug trade was another object of concern and CARICOM welcomed the adoption of the United Nations Convention against Transnational Organised Crime and encouraged the Member States to ratify it. CARICOM believed that the United Nations should continue to play a leading role in identifying the issues that need to be addressed and forging necessary partnerships between the developed and developing countries.

67. **Mr. Shameem** (Suriname) said that all peoples were entitled to participate, according to the principle of shared responsibility and in a multilateral framework, in managing and administering globalization, interdependence and their effects that had a global impact. Suriname recognized the vision of the Millennium Declaration, which was based on managing globalization on behalf of poor people with a view to attaining the Millennium Development Goals (MDGs). In the area of economic development and specifically in world trade matters, the views of developing countries were not always given the consideration that they deserved. As a result, the decisions taken tended to reflect the interests of a limited number of countries and the decision-making process was perceived as unfair. A more equitable and just trading system would foster the dignity and integral development of the human person and significantly contribute to addressing the many development problems faced in most countries. Those problems included war and conflict, refugee movements, human rights violations, international crime, illicit drug trade, the spread of HIV/AIDS and environmental degradation and caused poverty and inequality. The developing countries were struggling toward those social-development objectives, but the attainment of the MGDs remained a formidable task. Suriname was cooperating closely with the several organizations of the United Nations system (UNDP, UNICEF and WHO) and had made significant progress towards attaining the MDGs. In that regard, it had found out that the United Nations was needed more than ever.

68. **Mr. Martirosyan** (Armenia) said that the rhetoric of our time was marked by thoughts on globalization. In the last 15 to 20 years, debates on globalization and

its impact on such issues as poverty and inequality had rapidly polarized the attitudes of policymakers, the public at large and scholars toward the phenomenon described and disguised under that term. Did globalization engender inequality? Was the economic backwardness of the periphery a consequence of exploitation by the developed centre or was it conditioned by internal formation patterns of the emerging economies? To what extent was the development of the centre and the periphery interdependent? Those questions had turned into a core set of ideological issues characteristic of the present time: the replies that a given policy-maker or scholar provided identified his or her stance. In the last two decades, the mechanisms of globalization had substantially changed. The role of military force in ensuring the positions of post-industrial economies in developing countries had significantly decreased and continued to fall. Globalization, whose initial character had been political, currently embraced chiefly the financial and economic spheres. As a result, the current influence of Western countries on the peripheral regions was considerably more effective than ever before. In the last decades, even some of the apparently stronger economies had not being capable of ensuring stable growth and remained isolated.

69. One could nevertheless argue that globalization could be an effective poverty-reduction tool, although it certainly did not work smoothly in all cases. Practice had shown that several essential issues remained to be solved. First, it was necessary to counter effectively the protectionist aspirations of the developed countries, an attitude that was currently hindering the integration of developing countries into the global economy. That assertion had become a truism, although the developed nations had acknowledged the need to increase development assistance, open up their markets and tackle the subsidy issue, while the developing countries had committed themselves to capacity-building and institutional reform. The second prerequisite to exploiting the potential of globalization was institution-building. It was possible to argue, as some analysts did, that not only aid but also the improvement of institutions and governance and the reduction of corruption were main sources of sustained growth. It was evident that the acceleration of growth was much more complex than a mere process of accumulating plants, equipment, roads and bridges. "Soft" factors were important. Regardless of how much capital poured into a country, development was not possible if property rights were not adequately protected and society lacked a reliable court system. That was why many economies that had anticipated growth had hardly seen it materialize.

70. The crucial role of knowledge in the process of transformation from an industrial- to a knowledge-economy was an issue. Unlike monetary wealth accumulation, knowledge acquisition was a longer and more complicated process. Social inequality emerged as a result of unequal access to education, whose lack produced second-class citizens. For the first time in history, inequality stemmed from levels of personal effort and consequently, on the basis of traditional perceptions of justice, could not be considered as unfair. Income inequality generated in the long run by unequal intellectual aptitude and knowledge was harder to condemn than inequality due to other factors. The current intensification of inequality was qualitatively different than in earlier historical periods and unfortunately that process could hardly be averted. In that context, the objective no longer seemed to be a reduction of economic inequality between the developed and the developing countries but merely poverty reduction in developing countries. That shift of emphasis highlighted a key problem: under the current conditions, to what extent could the rapid growth of the least developed countries (LDCs) ensure a reduction of inequality in the world? In that respect, it was important to pay due attention to the promotion and protection of economic, social and cultural rights in order to successfully meet the challenges of globalization and provide effective enjoyment of its benefits by all.

71. **Mr. Kamyab** (Islamic Republic of Iran) said that a quick glance at trade and investment trends on the global level revealed an overall decline in both trade and capital flows, two major forces of globalization. The growth rate of world trade was declining. Global capital flows had experienced a drastic fall and foreign direct investment (FDI), a source of external financing for developing countries, decreased. Portfolio flows and commercial bank loans had turned negative. Such FDI flows remained highly concentrated in a small number of countries, while many developing economies had been marginalized by the financial and trading systems. A fierce competition for financial inflows and greater benefits from the multilateral trading system had ensued. The emergence of new technologies, particularly information- and

communication-technologies, had boosted prospects for economic growth, sustainable development and poverty eradication, but the digital divide continued to gape, although narrowing in some instances, and was even widening between developed and low-income countries.

72. The links between globalization, economic growth and poverty were undoubtedly complex and some conclusions that had been drawn on that issue amounted to oversimplifications. Developing correct measurements and indicators to analyze such links would be quite a challenging task. What lied at the heart of discussions on development was that the enormous potential of globalization in its various aspects had not yet been tapped for development and poverty-reduction purposes. Various options and solutions aimed at preventing the marginalization of many developing countries in the global economy and bridging the digital divide should be considered. Globalization should be geared to development, and its underlining economic and technological components should contribute positively to sustained economic growth and poverty eradication in developing countries in consistency with the Millennium Development Goals (MDGs). Due consideration should be given to the increasing inter-linkages among trade, finance and technology, major components of globalization; to consistency and coherence among international monetary, financial and trade policies and systems; and to the relations of those policies with development. Those issues had indeed been the key subject of recent international meetings, particularly conferences on financing for development.

73. It seemed that there were a number of options when it came to addressing the various aspects of globalization and the extension of its benefits to marginalized developing countries. However, the only framework for planning and implementing such options and measures was an international partnership for development. It should include all actors. Furthermore, it was becoming increasingly clear that current institutional capacities on the global level did not suffice to address the issues raised by the interlinkages and consistency requirements of the various components of development. Additional institutional capacity-building in various bodies and a rearrangement of their relations were necessary to enable global governance to address the challenges of globalization and reap the potential benefits. The representative of the Islamic Republic of Iran supported setting up international fora for technological innovation. They would help to set research and development priorities meeting developing country needs in the area of technology and data communications.

74. On the issues of trade and financial flows, the High-Level Dialogue had afforded an opportunity to address various aspects of financing for development, but the role of trade as the most important external source of financing for development should be further stressed. Market-access and increased value added and technological content of the products exported by the developing countries and the integration of those countries into the international trading system would greatly contribute to capacity-building in the developing economies by enabling them to benefit more from globalization and address its challenges. Production-related subsidies, various domestic measures supportive of the agricultural sector of developed countries and depressed global prices would force developing countries to increase output to levels that often implied exploiting their natural resources beyond sustainable levels. The elimination of all agricultural subsidies impeding competitive imports from developing countries would contribute greatly to poverty eradication and sustainable development.

75. **Mr. Panupong** (Thailand) said that global income-inequalities and poverty were at critical levels and inequality had increased within many countries. While there was no simple causal basis, it was true that poverty, underdevelopment and social exclusion provided fertile grounds for such phenomena as organized crime, corruption, terrorism, illicit commodity trafficking and illicit migration. Since globalization was here to stay, ways should be found to manage it in a manner ensuring that development contributed substantially to poverty reduction. Governments, international organizations and business institutions should take further steps to ensure that their policies in such areas as finance, trade, science and technology, population and migration were supportive of the Millennium Development Goals (MDGs), the integration of developing countries into the world economy and their participation in global decision-making processes.

76. The right to development came with responsibilities. Thailand's development strategy sought a balance between domestic and foreign sources

of growth amidst globalization. The Government had adopted a people-centred development approach and a "dual-track" policy aimed at, on the one hand, attracting foreign direct investment (FDI) and increasing exports, while, on the other hand, strengthening the grassroots economy and the productive sector through sustainable development. This model had proven successful, and the Tai economy was attaining the highest economic performance in the region since the Asian financial crisis.

77. Capacity-building was a key element of the Government's policy of promoting development and providing new sources of income through an innovative interaction between information-technology and the domestic resources and traditional knowledge. Modern technology was by no means incompatible with the grassroots economic development, but rather stimulated domestic production on all levels. Yet, the current pace of global technological and economic transformation required urgent global-scale measures to eliminate the digital divide. It was therefore vital to ensure developing countries effective and affordable access to information and knowledge. Integrating information and communication technologies (ICT) into national development strategies could provide a powerful tool to leapfrog the current development gap and assist developing countries in poverty reduction and sustainable development. Those issues would hopefully be addressed during the World Summit on the Information Society (WSIS) to be held in Geneva.

78. The benefits of globalization should be harvested in the fields of human-resource development, particularly through universal access to good education and adequate health care. To that end, Thailand supported global, concerted efforts such as Global Public Goods financing, which would help developing countries to implement policies beneficial to the world at large through such tasks as preventing and combating terrorism, curbing illicit commodity trafficking and providing affordable access to medication for HIV/AIDS and other major epidemics.

79. **Ms. Mammadova** (Azerbaijan) said that, for the international community and particularly for the developing countries, globalization was both a challenge and a chance to contribute to building a world order based on equality rather than domination and dependence. The term "globalization" evoked various connotations and was consequently subject to different interpretations by the various nations and governments. The phenomenon should therefore be better understood by studying the experience of countries that had been able to use it beneficially.

80. Several aspects of globalization concerned Azerbaijan. Trade was a manifestation of economic interdependence and a country's trade policy should be formulated under national development- and poverty-reduction-strategies and be based on good governance and the elimination of corruption. Products of low-income countries should have access to global markets; and investment in human capital through education was necessary. Both of those tasks required external technical and financial assistance. If division of labour were to contribute to market performance, market access did not imply only increased capital and technology flows, cheaper imports and larger export markets, but also human resources development. To attract capital, authorities should ensure an enabling economic environment, laying particular emphasis on the investment climate. In that regard, Azerbaijan was one of the leaders among economies in transition.

81. Knowledge and technology transfer was an essential component of globalization because foreign direct investment (FDI) introduced technical innovations. The representative stressed the importance of sharing knowledge and expertise in the areas of production methods, management techniques, export marketing and trade policy to the developing countries in terms of value added; and of the issue of transboundary pollution, calling upon the States to accede to and implement such relevant international instruments as the Helsinki Convention on the Transboundary Effects of Industrial Accidents (1992) and the Basel Global Convention on the Control of Transboundary Movements of Hazardous Wastes (1989).

82. Regional cooperation and trade were powerful tools permitting a rational use of resources to offset the adverse effects of globalization. Azerbaijan was actively involved in regional economic bodies and infrastructure projects, and was keenly interested in exploring potential interregional cooperation opportunities through the construction of the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline (BTC and BTE) between the Caspian and the Mediterranean Seas. These world-market outlets for Caspian Sea hydrocarbon resources should not only foster regional cooperation, but could

also lead to the development of new and diversified energy-supply patterns and chains in the region.

83. The Second-Committee debates had revealed a striking convergence of developing-country concerns and needs. The core requirement for filling those needs was to meet the commitments made at the Millennium, Monterrey and Johannesburg Summits and to resume the Doha trade negotiations successfully.

84. In the meantime, the fundamental significance of peace, security and respect for human rights as prerequisites to harnessing globalization to development and prosperity should not be overlooked.

85. **Mr. Djumala** (Indonesia) said that, despite development- and wealth-disparities between developing and developed countries, humankind had been advancing relentlessly towards globalization, made possible by a spectacular progress of Information and Communication Technologies (ICT). The United Nations had played a crucial role in that process, as a unifying force providing a sense of global citizenship. The United Nations system had enabled the world to respond to the complex and interrelated issues that shaped the modern world in a coordinated manner. Without the active cooperation, support and political will of both the developed and developing countries, globalization would be poorly managed, deepening the inequalities among countries and permitting only a few to enjoy the benefits of prosperity. If on the contrary it were properly managed, it could lead to sustained economic growth and to international financial stability.

86. Cooperation policies should be fleshed out within a multilateral framework. Full use should be made of the multilateral fora of the United Nations system to ensure development-friendly trading and financial systems sensitive to the needs and concerns of the developing world. Accordingly, there should be closer cooperation among the United Nations, particularly the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the Bretton Woods institutions (BWIs) and the various stakeholders to ensure that trade fulfilled its promise as an engine of growth capable of eliminating extreme poverty and creating an environment conducive to prosperity. Partnership initiatives should involve the private sector, non-governmental organizations and the civil society in the pursuit of the benefits of globalization and in the mitigation of its negative economic and social implications. Several studies had shown that an additional $50 billion was needed annually to enable the developing countries to meet the Millennium Development Goals (MDGs) by 2015. It was therefore necessary to increase official development aid (ODA) to 0.7% of the GNP of developed countries. Decisive measures were also needed to eliminate unsustainable debts that burdened poor developing countries.

87. Other globalization aspects requiring attention were the digital divide, transnational organized crime, corruption, the complex problem of international migration and environmental degradation. They all called for immediate and sustained action. In particular, enhanced access to ICT was a necessity, and should be facilitated by the World Summit on the Information Society (WSIS). The representative of Indonesia welcomed the Convention against Transnational Organized Crime, which had already been adopted, and the Convention against Corruption, which would soon be.

88. In conclusion, the representative of Indonesia re-emphasized that it was only within a multilateral framework that the positive combined dynamics of technology, finance and trade could be maximized to ensure progress towards the attainment of the MDGs.

89. **Mr. Khan** (Director, Division for Economic and Social Council (ECOSOC) Support and Coordination) summed up the valuable and telling observations made by the delegations during the meeting. The debate had been fruitful because it had revealed the close correlation of globalization's major issues. Globalization had an impact not only on the economy but also on the peoples and the societies concerned, and the work programme of the Committee had to constantly reflect that fact. He expressed support for a collegial and decentralized examination of globalization and its effects in various countries; and hoped that the wealth of the debate would be reflected in the draft resolution to be introduced, which should officially describe the Second Committee's work programme and mandate.

The meeting rose at 1.05 p.m.

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Summary record of the 33rd meeting
Held at Headquarters, New York, on Tuesday, 11 November 2003, at 3 p.m.

Chairman: Mr. Rubenheimer (Vice-Chairman) ..... (South Africa)

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In the absence of Mr. Chowdhury (Bangladesh), Mr. Rubenheimer (South Africa), Vice-Chairman, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 104: Follow-up to the International Conference on Financing for Development

(a) Follow-up to the International Conference on Financing for Development

(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development (A/58/3 (Parts I and II), A/58/77-E/2003/62, A/58/77/Add.1-E/2003/62/Add.1, A/58/77/Add.2-E/2003/62/Add.2, A/58/216, A/58/436, A/58/413, A/58/437 and A/58/542)

1. **Mr. Anwarul Chowdhury** (High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), commenting on the report of the Secretary-General (A/58/216), said that, given the conclusion of the High-level Dialogue on Financing for Development that the currently projected rate of implementation did not augur well for achieving the Monterrey commitments, particular attention should be given to the special needs of Africa, the least developed countries, small island developing States and landlocked developing countries. With globalization expanding, the least developed countries had remained particularly vulnerable to external events, bearing the main brunt of the global economic downturn, despite the wide-ranging efforts they had made to reform their domestic policies.

2. He drew particular attention to paragraphs 91 to 94 of the report. The High-level Dialogue on Financing for Development had noted that stringent rules of origin, complex documentary procedures and other practices reduced the extent to which least developed countries could use preferential schemes; current official development assistance (ODA) levels were still well below those needed to achieve the Millennium Development Goals; the majority of developing countries, particularly least developed countries, did not share the benefits of foreign direct investment flows; and the delay in providing adequate debt relief for heavily indebted poor countries was further handicapping the least developed countries.

3. Even the best efforts of the least developed countries to improve the investment climate and attract more substantial flows of foreign direct investment were insufficient without the support of their development partners. In the present economic climate, which made it twice as difficult for those countries to attract foreign direct investment, their reliance on ODA gained greater importance in their development efforts and their efforts to achieve the Millennium Development Goals.

4. The financial and technical assistance required for implementing the commitments made in the Brussels, Almaty and Barbados Programmes of Action in respect of the three vulnerable groups of countries would go hand in hand with the overarching international agenda contained in the Monterrey Consensus and the Millennium Declaration. At the core of those efforts was the need for true partnership among all stakeholders. He hoped that the focus on the least developed countries at the 2004 high-level segment of the Economic and Social Council would generate much-needed additional international support for those countries. The discussions at the annual meetings of the Council with the Bretton Woods institutions, especially with regard to financing for development, should also place special emphasis on the concerns of least developed countries.

5. **Mr. de Rojas** (Acting Head of the Financing for Development Office, Department of Economic and Social Affairs) said that the Financing for Development Office had been set up pursuant to General Assembly resolution 57/273 to serve, inter alia, as the focal point in the United Nations Secretariat for overall follow-up to the implementation of the outcome of the Monterrey Conference, to support and facilitate the participation of all stakeholders and to keep under review actions taken at all levels in follow-up to the Conference. Despite its modest level of staffing, the Office had been able to fulfil its tasks and responsibilities, as regards both policy and the "multistakeholder engagement". However, it had not been easy.

6. He urged delegations to support the consolidation of the Office in both political and budgetary terms, and to make additional contributions to the Secretary-General's financing for development trust fund, which enabled the Office to sponsor seminars and study groups and support the participation of delegates and civil society representatives from developing countries in key financing for development events. In that regard, he welcomed the recent generous contribution from the United States Government to the trust fund. It was

important for his Office to receive political guidance from Member States as to their areas of priority.

7. Referring to the participation of the United Nations Secretariat in the International Tax Dialogue, an inter-secretariat cooperation mechanism being promoted by the Organisation for Economic Cooperation and Development (OECD), the World Bank and the International Monetary Fund (IMF), he said that participation would have cost the United Nations up to $20,000 for infrastructure support. His Office had not felt it appropriate to incur that cost. The issue of international tax cooperation, particularly in its intergovernmental dimension, was still being discussed in the context of the financing for development follow-up process and the sponsoring entity — OECD — was one in which not all States Members of the United Nations took part. The Secretariat's proposal to participate as a non-paying "observer" had been rejected. Guidance from Member States on that matter would be most welcome.

8. **Mr. Benmellouk** (Morocco), speaking on behalf of the Group of 77 and China, said that financing for development was one of the most crucial issues with a considerable impact on development. While every country was primarily responsible for its own economic and social development, it was regrettable that the bold economic and social reforms undertaken by the countries of the South in a particularly difficult international context did not benefit from the expected support from the countries of the North. Another matter of concern was the low rate of capital flows to developing countries, despite the efforts those countries had been making to improve the business climate and their legislative and regulatory framework in order to attract financial flows, especially foreign direct investment. Such investments were concentrated in a very limited number of countries. Indeed, the majority of developing countries did not receive enough investment inflows to offset the capital outflows.

9. In view of the potential of international trade as an engine of economic growth and development, the Doha Development Agenda was an important step forward in that it put development at the heart of multilateral trade negotiations. Following the failure of the Cancún Conference, the international community and particularly the developed countries must build a consensus that would satisfy the legitimate demands of developing countries for the establishment of a fair, equitable, predictable and non-discriminatory multilateral trading system. That could be achieved through a commitment by developed countries to eliminate customs tariffs and barriers and reduce agricultural subsidies. He urged the international community to increase the volume of ODA, which was a major source of funding for the economic and social policies of many developing countries, especially the least developed ones. Indeed, it was a cause for concern that ODA represented only 0.23 per cent of GDP of developed countries, well below the 0.7 per cent target. In that regard, he thanked the Governments which had taken or were about to take measures to achieve that target.

10. There could be no genuine economic take-off by the countries of the South without relief of their debt burden in general and cancellation of the debt of the least developed countries. That would enable them to make best use of their financial resources in working towards the Millennium Development Goals. The efforts made under the HIPC Initiative were welcome, but only 8 of the 42 candidate countries had so far benefited from the debt-relief measures. Flexibility was needed in order to help countries to meet the eligibility conditions and indeed for the treatment of the foreign debt of all developing countries.

11. Where the systemic problems were concerned, greater coherence of the international monetary, financial and commercial systems would help to build an "architecture" to serve the whole international community. IMF had a leading role to play in guaranteeing the stability of the world economy; it was particularly important for it to monitor the macroeconomic policies of the industrialized countries, for they had a huge impact on the world economy and on the developing countries in particular. If they were to be integrated into the world economy, the developing countries needed easier access to foreign financing on favourable terms. The Group of 77 and China once again appealed for the allocation of special drawing rights for development purposes.

12. They endorsed the efforts of the World Bank and IMF to find ways of increasing the participation of developing countries in their decision-making processes. However, it was regrettable that no progress had been made in reviewing the capital structure and the calculation of accessed contributions in the two institutions — the only way to prevent participation from affecting the economies of the developing countries adversely.

13. It was incumbent on the international community, especially the developed countries, to implement its

commitments under the Monterrey Consensus and General Assembly resolution 57/270 B, so that the countries of the South could join in the globalization process. To that end it was necessary to formulate a development financing strategy which took into account all the relevant aspects of the Monterrey Consensus. Such an approach would include promotion of capacity-building in developing countries; increased ODA; implementation of the Doha undertakings; enhancement of the coherence of international monetary and financial policies; effective participation of developing countries in international financial institutions and reinforcement of regional financial organizations; closer international cooperation in fiscal areas, including enhancement of the status of the Ad Hoc Group of Experts on International Cooperation in Tax Matters; and establishment of follow-up mechanisms with regard to development financing.

14. Such measures constituted a positive response to the challenges of growth and development and a manifestation of the principles of partnership, co-responsibility and solidarity. The question of the Monterrey follow-up mechanisms was particularly important. It was to be hoped that all countries would cooperate in the objective evaluation of those mechanisms called for in resolution 57/270 B.

15. **Mr. Bernardini** (Italy), speaking on behalf of the European Union, the acceding countries Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia and the associated countries Bulgaria, Romania and Turkey, said that the European Union had had high expectations of the High-level Dialogue, for implementation of the Monterrey Consensus was crucial to the achievement of the key international development goals. In March 2002, the Council of the European Union had adopted the Barcelona Commitments in that connection, and their implementation status was described in document A/58/529. Further progress reports would be issued.

16. General Assembly resolution 57/270 B had appeared to many to lock the High-level Dialogue into a straitjacket; the Assembly would have to take account of what had been learned in order to make the best use of the opportunities offered by such events. The European Union took a positive view of the Dialogue, for it had reaffirmed the Monterrey Consensus. One particularly positive element was the engagement of the United Nations with the Bretton Woods institutions. The preparatory process for the Monterrey Conference had already demonstrated the potential of such a dialogue, which must be continued. The participation of WTO had been welcome, and it should become more active in the Monterrey process in future, matching the interest of Member States in the issue of global trade. The participation of civil society and the business sector had also been welcome, but more needed to be done to strengthen the dialogue with them.

17. The High-level Dialogue had confirmed that each country was primarily responsible for its own economic development. The European Union welcomed the commitment of many developing countries to adopt sound macroeconomic policies and reconfirm the role of the private sector as a driving force of development. In that context, the Union reiterated its full support for the New Economic Partnership for Africa's Development (NEPAD). The Monterrey Consensus was delivering concrete results: increased ODA; coordination of policies and harmonization of procedures, untying of aid; and the fight against corruption. The question of coherence remained at the heart of the development financing agenda, and of course increased trade opportunities were also very important.

18. The European Union deeply regretted the failure of the Cancún Conference to make substantial progress but remained convinced that a combination of development cooperation and increased liberalization of world trade were crucial to the achievements of the key development goals. The negotiations in the WTO framework must therefore resume as soon as possible, and all parties should demonstrate the determination and flexibility needed to honour the Doha commitments.

19. The European Union had announced its intention to go beyond the HIPC target by providing 100 per cent bilateral pre-cut-off-date relief for all claims on HIPC countries. It urged all creditors and donors to provide their share of bilateral debt relief and multilateral financing for the HIPC Initiative and was ready to discuss with the Bretton Woods institutions and other donors changes in the method of calculating the topping-up requirements at the Completion Point for those countries whose debt was deemed unsustainable.

20. As the follow-up to the Monterrey Conference continued, particular care should be taken at the spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO to avoid overlapping with the High-level Dialogue. The European Union was committed to a continued dialogue with other delegations and all stakeholders

with a view to the attainment of the Monterrey commitments.

21. **Mr. Balarezo** (Peru), speaking on behalf of the Rio Group, said that the Secretary-General's report showed that much remained to be done to fulfil the commitments of the Monterrey Consensus. One statistic summed up the situation: the net transfer of financial resources had been negative for the developing countries for the seventh consecutive year. The difficult international environment had had a particularly severe impact on Latin America, where 2003 per capita GDP would be 2 per cent less than in 1997, representing a sixth "lost year". The countries of the Rio Group had made progress towards meeting the Monterrey commitments. Latin America had in fact done its part but it enjoyed neither the external environment nor the resources to finance its development.

22. While the Monterrey Consensus had reaffirmed the need for domestic reforms in developing countries, solutions must be found to their foreign-debt crisis. The Rio Group acknowledged the contribution of the United Nations in that connection. In view of the importance of stability in the international economy, the monitoring of the macroeconomic policies of all IMF member countries should be as effective as possible, with special attention to those States with a greater influence on the international economy. The financial architecture of development must be made more democratic through greater participation of developing countries in the international financial institutions. Since trade was the engine of development, the developing countries must be given better access to markets, and obstacles to trade must be removed. The negotiations under the auspices of WTO should therefore incorporate a development component.

23. The participation of all the parties in the High-level Dialogue was a clear indication of the central role of the United Nations. The Dialogue had acknowledged two extremely important points: the United Nations must play that central role and improve its coordination work, in accordance with the relevant provisions of the Charter. The Economic and Social Council must become a forum for coordination of international policies on finance, trade and development as a fundamental element of the Monterrey follow-up.

24. The existing tools for monitoring the Monterrey commitments must be strengthened and the Bretton Woods institutions, WTO and all other stakeholders must remain involved in the process. In that connection, the preparations for the annual meetings of the Council with the international financial and trade institutions and for the biannual High-level Dialogue must be improved.

25. **Mr. Siv** (United States of America) said that his Government strongly supported follow-up, but was concerned about the rate of implementation. Intergovernmental bodies had spent a disproportionate amount of time debating the meaning of the Monterrey process and the relative importance of various sources of development finance. A more serious approach would be to determine what action could be taken at the national level to ensure effective implementation. The various bodies of the United Nations system could play a crucial role in supporting the efforts of developing countries to mobilize resources. A substantial shift in the technical cooperation activities of the United Nations system, in favour of mobilizing such resources nationally, was therefore essential.

26. He proposed a number of activities, primarily the organization of forums for holding consultations and identifying ways of stimulating private investment, which could further enhance the work of the Financing for Development Office. In addition, the United Nations should support, rather than replace, the initiatives of other multilateral organizations in promoting dialogue on specific issues.

27. His Government had demonstrated its commitment to the Monterrey process, most recently through the launching of the Millennium Challenge Account, which was expected to help countries to improve their policies and practices by bolstering their legal systems and their investment in health, education and agriculture. That initiative recognized that development must primarily come from within, and not be conferred from the outside.

28. He noted with satisfaction that inflation and budget deficits had been reduced in most developing countries, and that privatization was proceeding and anti-corruption and good governance efforts were deepening. Foreign direct investment would continue to increase if developing countries continued to create climates hospitable to foreign investment.

29. It was clear that trade liberalization still had untapped potential for developing countries and that they should exert greater effort in using the large and varied pool of resources available for development. Some participants in the High-level Dialogue had cited a net negative resource transfer from developing countries as evidence of insufficient inflows. However,

such aggregates represented a number of positive elements, and continued focus on that indicator diverted attention from what should be the primary areas of focus, namely, domestic savings, sound use of trade and investment opportunities, and the effective use of aid.

30. **Mr. Løvald** (Norway) said that his delegation was particularly pleased that the ministerial round tables advanced the Monterrey process by facilitating frank exchanges and conveying important messages to all stakeholders. The international community needed to show genuine political will to live up to commitments made at the International Conference.

31. All parties shared the responsibility of reversing the trend of net outward transfers of financial resources from developing countries. Norway was prepared to be monitored and to report on its part in the implementation of Millennium Development Goal number 8, and had already adopted measures to ensure improved coherence in national policies. Norway's contribution to financing for development through increased official development assistance (ODA) and accelerated debt relief was on track, with 0.94 per cent of its 2004 gross national income earmarked for ODA. By opening its markets to goods and services from developing countries, Norway sought to further its commitment to making the ongoing WTO negotiations a true development round. All countries had a common interest in a strong, rules-based multilateral trading system; it was therefore not desirable for the trading system to be undermined by a shift towards bilateral and regional trade agreements. Norway deeply regretted the failure to achieve positive results at the fifth WTO Ministerial Conference, and would do its utmost to move the negotiations back on track.

32. Formal market access must be bolstered by trade-related technical assistance and capacity-building measures, an area in which Norway had expanded its assistance over recent years. Convinced of the importance of coherence in policy formulation and coordination between WTO, the Bretton Woods institutions and the United Nations system, Norway welcomed the proposal that the United Nations should prepare a report on policy coherence at both the national and international levels, and supported efforts to enhance the voice and participation of developing countries in the financial institutions.

33. The Monterrey Consensus could achieve meaningful results only if developing countries themselves fulfilled their share of the partnership, for example by creating an enabling environment nationally, strengthening governance, the rule of law and sound macroeconomic policies, as well as by promoting democratic principles and respect for human rights.

34. **Mr. Valera** (Mexico) agreed that participation by all relevant stakeholders in the High-level Dialogue had demonstrated that the international community was resolute in its support for the implementation of commitments under the Monterrey Consensus. Discussions with the Bretton Woods institutions and WTO and the recent High-level Dialogue had reinforced their validity as an effective mechanism for follow-up to the International Conference. Mexico was convinced of the need for all relevant stakeholders to closely examine ways to refine and rationalize that mechanism.

35. One of the most pressing issues for developing countries was the need to achieve substantive progress in international trade negotiations and implementation of the Doha work programme. For many, the lack of progress in trade was a major obstacle to fulfilling the goals and objectives of the Millennium Declaration. To that end, Mexico appealed to all countries to strengthen free trade and to WTO members to renew their commitment to the Doha work programme and participate constructively in an open dialogue at the next round of trade negotiations in December 2003.

36. Mexico shared the view held by most Member States that the follow-up mechanism to the International Conference should focus on monitoring and promotion of alliances for the implementation of agreements and commitments adopted by the Conference. In conclusion, he expressed his delegation's support for the recommendation of the President of the General Assembly with regard to the establishment of guidelines for assessing and reviewing progress, identifying problems and areas of priority and encouraging new cooperation mechanisms for the speedy and effective implementation of the commitments adopted at Monterrey.

The meeting rose at 4.35 p.m.

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Summary record of the 34th meeting
Held at Headquarters, New York, on Wednesday, 12 November 2003, at 10 a.m.

Chairman : Mr. Raubenheimer (Vice-Chairman) ..... (South Africa)

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03-60978 (E)

Agenda item 102 : Third United Nations Conference on the Least Developed Countries *(continued)*

The meeting was called to order at 10.15 a.m.

Agenda item 104: Follow-up to the International Conference on Financing for Development *(continued)*

(a) Follow-up to the International Conference on Financing for Development *(continued)*

(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development *(continued)* [A/58/3 (Part I) and (Part II)], A/58/77-E/2003/62, A/58/77/Add.1-E/2003/62/Add.1, A/58/77/Add.2-E/2003/62/Add.2, A/58/216, A/58/436, A/58/413, A/58/437 and A/58/542)

1. **Mr. Chave** (Switzerland) said that his country, although fully committed to the Monterrey Consensus, recognized that its implementation was a difficult undertaking and progress had been rather slow. He stressed that the recent High-Level Dialogue on Financing for Development had shown once more that coherent solutions could only be explored through wide-ranging exchanges among all stakeholders. Better coordination of the different policies pursued was necessary. Moreover, strengthening the United Nations in the economic area was a prerequisite to a more efficient cooperation, in particular among the United Nations System, the Bretton Woods Institutions and the World Trade Organization (WTO).

2. Switzerland believed that the capacities of the Secretariat in the area of financing for development should be built further to allow the United Nations to perform its role in the follow-up to the Monterrey Consensus, in particular by catalyzing private sector involvement through appropriate exchange platforms and through mechanisms capable of mainstreaming specific proposals emanating from that sector. However, the follow-up to the Consensus could not be left exclusively to the international organisations but had to be integrated into national political agendas. Switzerland considered domestic resource mobilization and enhanced ownership of development highly relevant. Financial sector reforms should be further fine-tuned to promote efficient intermediation and adjust regulatory frameworks to country-specific needs and situations.

3. Trade was a fundamental means of mobilizing financial resources. The failure of negotiations at Cancun was a setback for developed and developing countries alike. Greater trade liberalization through a multilateral process would raise the standard of living in all nations and eventually help to attain the Millennium Development Goals (MDGs). However, for the Doha "development round" of trade negotiations to succeed, the countries of the North and of the South should adopt a more flexible and realistic approach.

4. Low-income countries did not automatically benefit from new trading opportunities. To do so, they needed a stronger support for economic reform and technical assistance. Moreover, trade liberalisation should be accompanied by innovative resource mobilization to ensure sustainable social development and environment protection.

5. Switzerland regretted that little progress had been made in respect of innovative sources of development finance. Recent innovative proposals from private financial markets had not been viably matched by the public sector. The intention of establishing an International Financial Facility was laudable, but Switzerland opposed reliance on such front-loading devices for reasons of accountability, time horizon and uncertain borrowing costs.

6. Regarding debt relief, the representative of Switzerland noted that the implementation of the Highly Indebted Poor Countries (HIPC) initiative had been slower than envisaged and that the resources of the initiative would soon be depleted. The fact that only a few countries had reached the completion point was mostly due to lack of macro-economic stability, often stemming from depressed primary commodity prices. But relaxing the HIPC criteria could have a devaluing effect on the initiative itself and should therefore be avoided. The HIPC initiative was flexible enough to provide additional assistance to countries experiencing exceptional exogenous shocks. The current methodology of calculating "topping up" at the completion point should be maintained.

7. Regarding sovereign debt restructuring, markets seemed to accept the inclusion of collective action clauses in international sovereign bonds. A code of conduct for sovereign debt restructuring was under consideration, but Switzerland wondered whether such isolated measures would ensure a framework robust

enough to meet the various challenges of sovereign debt restructuring. Conceptually, a sovereign debt restructuring mechanism remained the most comprehensive and desirable solution.

8. Regarding systemic reform, the monitoring of economic and financial vulnerabilities was progressively yielding positive results. Surveillance by the International Monetary Fund (IMF) and regulatory frameworks were increasingly contributing to financial crisis prevention. Capital account convertibility by itself might not promote growth and liberalization, unless it was implemented at a pace appropriate to country-specific conditions. Switzerland wished to stress that stakeholders had to heighten their efforts to ensure greater transparency and better coordination.

9. A more pro-active role of the United Nations and sound cooperation of all major stakeholders were needed in monitoring the implementation of the Monterrey Consensus. Switzerland believed that a point had been reached where interesting avenues existed for a combined monitoring of the implementation of the Millennium Development Goals and the Monterrey Consensus.

10. Switzerland saw no need for a new intergovernmental mechanism for the follow-up to the Monterrey Consensus, and believed that existing arrangements should be strengthened by all of the stakeholders. To that purpose, the suggestion to expand the Bureau of the Economic and Social Council (ECOSOC) was interesting and should be studied thoroughly. In the meantime, it was incumbent upon the current Bureau to intensify its dialogue with the Bretton Woods partners. Switzerland supported the idea of multi-stakeholder ad hoc working groups not only on a global level, but also on regional and national levels.

11. **Mr. Iwai** (Japan) said that the High-level Dialogue on Financing for Development had made it possible to take stock of the progress made since the adoption of the Monterrey Consensus and the setbacks experienced in its implementation. The Dialogue had demonstrated that many developing countries were trying to create an environment conducive to development, and Japan considered that the Monterrey Consensus was being implemented, albeit slowly.

12. Much, however, remained to be done. The general feeling of participants in the Dialogue had been that the Member States should muster greater political will. When the Gulf War broke out in 1991, Japan had made a substantial financial contribution to international efforts to liberate Kuwait, even though taxes had to be increased to raise the necessary funds. That was an example of the kind of political will of which there was currently dire need. The question was whether the Member States - both the developed and the developing countries - could generate and sustain that level of political resolve for more than ten years in order to attain the Millennium Development Goals by 2015.

13. Japan stood ready to consider favourably the proposal to establish an intergovernmental mechanism to regularly monitor the development efforts of both developing and developed countries - provided that the mechanism truly enabled Member States to learn about each other's activities in the field of development and encourage them when necessary. What was needed was the capacity to acknowledge the good efforts made others rather than an occasion to point fingers and issue reciprocal denunciations. Also, the focus should not be the measurement of input but the specific tangible impact of an activity or contribution in terms of development.

14. In the 1950s and 1960s, the fate of South-East Asia had seemed clear: hunger and famine. Thanks to the efforts put forth by the countries of the region, to which Japan made a major contribution through its development assistance, the future of South-East Asia was currently quite bright. Japan hoped that such examples would inspire the Member States and all other stakeholders in development and motivate them to fully translate the commitments of the Monterrey Consensus into action.

15. **Ms. Zubčević** (Croatia) believed that the High-Level Dialogue on Financing for Development had been a valuable forum for continuous international commitment on that issue and had led to an open exchange of views on achievements and shortcomings.

16. On the international level, the Monterrey Consensus had built on the Millennium Declaration and set out a new framework of mutual obligations and mutual accountability between developed and developing countries. Developing and transition-economy countries needed a more effective and equitable participation in the decision-making process of many key international financial and trade bodies. The important role of export banks, as part of the effort for increased coherence, coordination and cooperation

for the implementation of the Monterrey Consensus, should not be overlooked.

17. Domestically, Croatia had pursued reforms aimed at sustainable development, economic growth through economic development, a sound national macroeconomic environment and a climate favourable to investment. Trade and integration in the world economy were the most effective tools of economic growth. Entry into the World Trade Organization (WTO) in November 2000 had been instrumental in completing reforms that had led to the formulation of market-oriented trade policies.

18. Through political stabilization and fostering economic ties with neighbouring countries, recognizing that peace and security are essential for sustainable development, Croatia had made significant progress in the key area of regional integration. As part of the preparatory process of accession to the European Union, Croatia had signed the Stabilisation and Association Agreement (SAA) with the EU and was aligning its legislation with European and international standards. It had also acceded to the Central European Free Trade Agreement (CEFTA), and succeeded in maintaining access to international capital markets under favourable conditions.

19. Croatia had sound relations with the International Financial Institutions (IFIs), particularly the World Bank, the European Bank for Reconstruction and Development (EBRD) and the International Monetary Fund (IMF). For instance, the IMF had approved a programme ensuring confidence in Croatia on the financial markets, an advantage expected to help the Croatian authorities to carry through the necessary reforms. They were structural, and included improving fiscal transparency and public debt management, accelerating the restructuring and privatisation of public enterprises and enacting new legislation to enhance the functioning of markets, employment and trade liberalisation.

20. Croatia, which received European Union assistance under the EU's CARDS (Community Assistance for Reconstruction, Development and Stabilisation) programme, planned to carry out further structural changes on the national level. Fiscal consolidation remained a priority and a prerequisite to sustainable growth. Efforts to create an environment conducive to development had included a comprehensive initiative to overcome administrative barriers to foreign investment; and a forum had been established aimed at strengthening dialogue between the Government and the private sector.

21. Despite the ongoing reforms, unemployment remained high and privatization was progressing more slowly than expected. As a result of the decline in global economic growth and increased competition for Financing for Development (FfD), Foreign Direct Investment (FDI) in Croatia had subsided significantly. Croatia was therefore taking steps to further improve its investment climate. According to a World Bank study, Croatia currently needed to deepen ongoing reforms and accelerate their implementation.

22. Croatia, an economy in transition, needed to operate under an agreement on the international and national levels. So far, the Monterrey Consensus seemed to be the agreement most apt to ensure the attainment of sustainable development goals, provided that the Member States honoured their commitments, ensuring a more equitable global system beneficial to all. In that respect, the addresses delivered by the President of the World Bank (WB) and the Managing Director of the International Monetary Fund (IMF) before the plenary General Assembly were most encouraging.

23. **Mr. Djumala** (Indonesia) said that his delegation associated itself with the statement made by Morocco on behalf of the Group of 77 and China.

24. There was no need to repeat much that had been said during the High-Level Dialogue. The spirit of Monterrey consisted in forging partnerships to ensure sustainable development and real change for the peoples of the world. An answer was urgently needed to the question of what should and could be done immediately to implement the Consensus on the way to achieving the Millennium Development Goals.

25. Use should be made of the strong international support displayed during the High-Level Dialogue for the following objectives: increasing substantially Official Development Aid (ODA) and Foreign Direct Investment (FDI); reforming and improving cooperation among major multilateral financial institutions; paying closer attention to trade issues of particular concern to developing countries; forging partnerships between developed and developing countries; and setting up appropriate follow-up mechanisms to ensure the implementation of the Consensus.

26. The Indonesian delegation supported the idea that the United Nations should assess the implementation of the Consensus through appropriate reports and indicators, and believed that the other major stakeholders - the World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO) - should meet their own responsibilities in that area. Since there was clearly a link between financing for development (FfD) and the Millennium Development Goals (MDGs), reports on the implementation of the Consensus would also serve to indicate progress toward attaining the MDGs.

27. The monitoring mechanism should focus on strengthening the General Assembly and the Economic and Social Council (ECOSOC). In particular, the second spring meeting of ECOSOC, the Bretton Woods Institutions (BWIs) and WTO should be better organized.

28. The idea of multi-stakeholder working groups deserved further consideration. As the majority of poor people lived in middle-income countries, any approach to the debt issue should take into account the particular needs of indebted countries in that category.

29. It was crucial that all stakeholders should be involved and remain committed. Strong leadership by the United Nations was therefore urgently needed to ensure closer cooperation with the other actors. The best approach was to make greater use of the United Nations - particularly the General Assembly and ECOSOC as a scorekeeper on commitments met by the various partners. Methodological reinvigoration was an exercise not to be separated from the issue of the reform of the United Nations.

30. The representative of Indonesia concluded by stressing that greater impetus should be given to the implementation process in order to meet the 2015 time limit for attaining the MDGs. As a designated member of ECOSOC, Indonesia would act as a catalyst to ensure a speedy follow-up to recent United Nations conferences and summits.

31. **Mr. Rex** (Canada) said that Canada remained committed to the core concepts of partnership, mutual accountability and better social and economic governance that emerged in the Consensus. Canada was doing its part, notably by appreciably increasing its international assistance budget and working to promote aid effectiveness and donor coordination. It supported debt relief measures and efforts to mobilize new avenues to finance development, in particular through partnerships with the private sector. However, there was still much to be done and Canada was concerned that, in the current climate, the spirit of Monterrey might come under strain.

32. Canada believed that the United Nations had a crucial role to play in maintaining that spirit. It was pleased by the participation of the Bretton Woods Institutions (BWIs) in the Dialogue, and supported the efforts of the Economic and Social Council (ECOSOC) to work more closely with them and to develop a framework for monitoring progress. The Monterrey spirit of partnership, consisting in treating all stakeholders as full partners in the process, should be maintained.

33. The role of the Financing for Development Office as a central clearing-house on financing for development was crucial also. The Office should monitor progress, refine methods, foster dialogue on the implementation of the Consensus, identify gaps and new requirements and help to bring together all stakeholders.

34. Because the Monterrey Consensus covered an exceptionally broad range of issues, its actual implementation had to be carried out by a wide range of stakeholders on a multitude of levels, including the organizations of the United Nations system, the International Financial Institutions (IFIs) and other major bodies such as the Organisation for Economic Cooperation and Development (OECD), the G-7, the G-8 and the G-20.

35. Canada shared the view of the President of the General Assembly on the importance of political will. Only through political resolve could spirit of Monterrey be upheld and the Consensus implemented.

36. **Mr. Zarie Zare** (Islamic Republic of Iran) said that his country associated itself with the statement made by Morocco on behalf of the Group of 77 and China. He observed that no immediate results should be expected from the Monterrey Consensus, because it provided mostly for medium-term and long-term measures. It was however possible to assess the activities carried out by the various stakeholders (institutions, governments and other actors) in order to ensure that progress was made and to eliminate obstacles.

37. Enhancing the consistency of the international monetary, financial and trading systems required specific measures to strengthen cooperation on various levels. The secretariats of the international institutions should cooperate far beyond the preparation of joint reports or the organization of meetings, study jointly ways of coordinating support for development, consider regulatory and procedural reforms to facilitate coherence, and mainstream the main issues of the International Conference on Financing for Development (ICFD) and its action-oriented recommendations into the policy-making and decision-making processes of their respective institutions. Representatives of the heads of the Institutions should meet regularly to jointly identify the main course of action, and focal points for coordination should be set up to interface with ministries and national bodies responsible for financial, monetary and commercial issues.

38. The implementation of the Monterrey Consensus also required arrangements on the intergovernmental level. The Member States of institutional stakeholders - the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organization (WTO) and the Economic and Social Council (ECOSOC) - should build the capacities of their secretariats to ensure inter-agency coordination. Accordingly, the Islamic Republic of Iran supported the establishment, within the United Nations, of an intergovernmental committee to monitor the implementation of the measures agreed upon at Monterrey.

39. **Ms. Clarke** (Barbados) said that the Caribbean Community (CARICOM), on whose behalf she was speaking, associated itself with the statement made by Morocco on behalf of the Group of 77 and China. The Monterrey Consensus, although lacking in some critical areas that required corrections, was nonetheless a valuable framework for the coherent pursuit of global development. The many constructive and useful proposals put forward during the High-Level Dialogue stirred up hopes for renewed international support for the development process.

40. The Caribbean States had been playing by the rules - adhering strictly to the domestic policy prescriptions and norms established by the International Financial Institutions (IFIs), practicing democracy and good governance, enhancing significantly their economic and social infrastructure and opening their economies to international trade and investment. Yet, they continued to experience declining flows of foreign direct investment (FDI) and increasing marginalization in the global trading system. That was a prime example of the fact that size mattered and that small States were more easily hurt in the process of globalization and liberalization. The inherent vulnerabilities of Small Island Developing States (SIDSs) should be recognized by the international community under the financing for development (FFD) process. In particular, they should be taken into account in the 10-year review of the Barbados Programme of Action.

41. The findings at Monterrey called for a radically reformed system of global governance and effective global institutions, if the benefits of globalization were to be shared by all.

42. Developing countries were entitled to participate in the decision-making processes of the bodies that prescribed norms of behaviour for the international community, and be treated on an equal footing with other States. Compliance with international standards should be monitored through a process of mutual evaluation or peer review.

43. CARICOM believed that developing countries were treated unfairly in respect of international arrangements concerning taxation and therefore was supportive of the recommendation to convert the Ad hoc Group of Experts on International Cooperation in Tax Matters into an intergovernmental body of the Economic and Social Council (ECOSOC).

44. CARICOM also supported the recommendation to set up an intergovernmental mechanism that would monitor the implementation of the commitments made at Monterrey, and believed that a mechanism monitoring the attainment of the targets outlined in Goal 8 of the Millennium Declaration was also necessary.

45. **Mr. Sopoaga** (Tuvalu) said that the Alliance of Small Island States (AOSIS), on whose behalf he was speaking, associated itself with the statement made by Morocco on behalf of the Group of 77 and China. Stressing the difficulties faced by Small Island Developing States (SIDSs), he referred in particular to the scarcity of resources, which precluded economies of scale, the remoteness of those States from the main market, the fragility of their natural environments and their vulnerability to natural disasters, the exceedingly high costs of energy, infrastructure, transportation, and

communications, and the lack of technological capacity. Extreme vulnerability to external economic, social and environmental occurrences was a significant constraint that impeded development. The weak infrastructure of the SIDDs checked their competitiveness and effective participation in the international economic and trading system, while the process of globalization compounded the risks of further SIDS marginalization. Special and urgent assistance was necessary for the SIDSs to integrate into the world economy.

46. In all areas, SIDSs were well ahead regarding good governance, accountability and transparency, but intrinsic difficulties tended to make them unattractive to foreign investors. International efforts aimed at the sustainable development of SIDSs should take into account their differences in size and level of development.

47. Most SIDSs were affected by the erosion of domestic financing resources from tariffs on imports and, as a result of World Trade Organization (WTO) rules, the loss of income from preferential treatment on commodities. Consequently, official development aid (ODA) was the only means left to SIDSs to finance their development and ensure stability and security, capacity building and human resource development. AOSIS earnestly hoped that the donor countries would meet the agreed target of earmarking 0.7% of their GNP for ODA.

48. Given that migrant workers' remittances from developed countries was a key source of financial flows to SIDSs, the issue of migrant workers' rights and security should be part of the international agenda.

49. For AOSIS Member States and other small vulnerable countries to be better integrated into the world economy, the vulnerability and special needs of the SIDSs should be taken into account by international trade, development and financial institutions through coordinated assessment frameworks. Accordingly, preferential market access should be accorded to them on a selective basis in the short to medium term, allowing for adequate time frames of adjustment to free-market conditions and facilitating the diversification of their production. The establishment of an international fund to stabilize commodity export prices should be considered. The SIDSs should be provided with financial and technical assistance for capacity-building in order to participate effectively in trade negotiations and implement trade agreements, and their involvement in the decision-making processes of International Financial Institutions (IFIs) should be ensured.

Agenda item 91: Macroeconomic policy questions *(continued)*

(a) International trade and development *(continued)*

Draft resolution A/C.2/58/L.32: International trade and development

50. **Mr. Benmellouk** (Morocco), introducing the draft resolution on behalf of the Group of 77 and China, said that the text stated the various concerns of the countries of the Group, especially in view of the failure of the Fifth Ministerial Conference of the World Trade Organization (WTO) held at Cancun. It recalled that the global multilateral commercial system should be balanced, non-discriminatory, based on law and aligned with the commitment made at Doha to place the developing countries at the centre of commercial negotiations. The draft also contained proposals and requirements ensuring that the system would meet the interests of the countries of the Group. The speaker hoped that the resolution would be adopted by consensus.

Draft resolution A/C.2/58/L.33: Unilateral economic measures as a means of political and economic coercion against developing countries

51. **Mr. Benmellouk** (Morocco), introducing the draft resolution on behalf of the Group of 77 and China, pointed out that the text was the draft resolution submitted customarily every two years under the agenda item discussed.

Agenda item 93: Sustainable development and international economic cooperation *(continued)*

(c) International migration and development *(continued)*

Draft resolution A/C.2/58/L.37: International migration and development

52. **Mr. Aboutahir** (Morocco), introducing the draft resolution on behalf of the Group of 77 and China, said

that the text mentioned the initiatives taken on a national, regional and international level in the area of international migration, within and outside the United Nations system, and drew attention to the brain drain phenomenon and its positive and negative effects. Until such time as an international conference, desired by many Member States but not yet generally accepted, could be held on the subject, the draft resolution proposed a high-level dialogue on international migration and development, and asked the President of the General Assembly to proceed with consultations for setting up the necessary structures. The report requested of the Secretary-General would cover the implementation of the resolution and establish a link between the General Assembly and the various relevant independent intergovernmental initiatives.

Agenda item 94: Environment and sustainable development *(continued)*

(a) Promotion of new and renewable sources of energy, including the implementation of the World Solar Programme 1996-2005 *(continued)*

Draft resolution A/C.2/58/L.26: Promotion of new and renewable sources of energy, including the implementation of the World Solar Programme 1996-2005

53. **Mr. Arrouchi** (Morocco) introducing draft resolution A/C.2/58/L.26 on behalf of the Group of 77 and China, said that the World Solar Programme had been a response to an appeal issued at the Earth Summit to all countries to take measures to reduce pollution by promoting the use of clean technologies and that it aimed at strengthening cooperation among governments and organizations with a view to promoting the use of renewable energy sources. He recalled that the World Summit on Sustainable Development had focused the sustainable development problem on the energy issue. Indeed, improved living conditions, poverty-reduction and the promotion of income-generating revenue, especially in rural and remote areas, were contingent upon the availability of adequate energy services. The draft resolution noted that solar, wind, thermal, hydroelectric, sea and biomass energy should be an important component of energy systems and that the supply of energy services at affordable prices was a key to progress in all developed and developing countries. It also welcomed the relevant activities carried out by the United Nations and other international institutions and the progress made under the World Solar Programme.

(d) Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States *(continued)*

Draft resolution A/C.2/58/L.30: Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

54. **Mr. Arrouchi** (Morocco), introducing the draft resolution A/C.2/58/L.30 on behalf of the Group of 77 and China, stressed the procedural character of the text, which essentially proposed to convene in Mauritius in 2004 an international meeting to examine the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDSs). Given the numerous difficulties encountered by those States and the urgency of their specific needs, it was necessary to mobilize the resources necessary for the success of the meeting.

Agenda item 101: Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and of the twenty-fifth special session of the General Assembly *(continued)*

Draft resolutions A/C.2/58/L.31:Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and the strengthening of the United Nations Human Settlements Programme (UN-Habitat) and A/C.2/58/L.35: Rules of procedure of the Governing Council of the United Nations Human Settlements Programme (UN-HABITAT)

55. **Mr. Benmellouk** (Morocco), introducing the draft resolution on behalf of the Group of 77 and China, said that the Secretariat had highlighted in boldface the text that was new in draft resolution A/C.2/58/L.31 and did not figure in the previous version. The Group had not had that intention but the highlighting could only help the study of the text. He hoped that the resolution would be adopted by consensus.

Agenda item 102: Third United Nations Conference on the Least Developed Countries *(continued)*

Draft resolution A/C.2/58/L.34 Third United Nations Conference on the Least Developed Countries

56. **Mr. Aboutahir** (Morocco), introducing the draft resolution on behalf of the Group of 77 and China, said that as a result of hesitation in allocating the resources necessary for the implementation of the Brussels Programme of Action (BPoA), the least developed countries (LDCs) were threatened on all fronts. The draft resolution provided for the participation of LDCs in the international meetings, in particular of the Economic and Social Council (ECOSOC), and requested the Secretary-General to take appropriate measures to that effect. It also referred to ECOSOC's decision to devote its 2004 High-Level Debate to the mobilization of resources under BPoA. The representative expressed the hope that the members of the Committee would show solidarity with the LDCs, the most vulnerable developing countries, by supporting the resolution.

The meeting rose at 12.00 p.m.

United Nations A/C.2/58/SR.35

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Summary record of the 35th meeting
Held at Headquarters, New York, on Monday, 17 November 2003, at 3 p.m.

Chairman: Mr. Chowdhury ..... (Bangladesh)

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(a) Follow-up to the International Conference on Financing for Development (*continued*)

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The meeting was called to order at 3.10 p.m.

Agenda item 91: Macroeconomic policy questions (*continued*) (A/C.2/58/L.38)

(g) Commodities (*continued*)

Draft resolution A/C.2/58/L.38

1. **Mr. Benmellouk** (Morocco) introduced the draft resolution entitled "Commodities" on behalf of the Group of 77 and China. He highlighted paragraphs 1, 2, 5, 8, 9, 10 and 11 and expressed the hope that delegations would support it.

Agenda item 100: Globalization and interdependence (*continued*) (A/C.2/58/L.41 and L.42)

Draft resolution A/C.2/58/L.41

2. **Mr. Benmellouk** (Morocco), speaking on behalf of the Group of 77 and China, introduced the draft resolution entitled "Role of the United Nations in promoting development in the context of globalization and interdependence". The name "Astana" in paragraph 18 should be replaced with the word "Almaty". He highlighted paragraphs 2, 4, 10, 15, 16, 18 and 19 and expressed the hope that it would be supported by delegations.

Draft resolution A/C.2/58/L.42

3. **Mr. Benmellouk** (Morocco), speaking on behalf of the Group of 77 and China, introduced the draft resolution entitled "World Summit on the Information Society".

Agenda item 103: Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*) (A/C.2/58/L.36*)

*Draft resolution A/C.2/58/L.36**

4. **Mr. Elfarnawany** (Egypt) introduced the draft resolution entitled "Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources" on behalf of the sponsors. The draft resolution attempted to address the causes of the deteriorating situation and economic problems in the Occupied Palestinian Territory and in the occupied Syrian Golan. His delegation sincerely hoped that in the not too distant future, following the end of Israeli occupation, there would no longer be any need to discuss such a resolution at the United Nations.

Agenda item 104: Follow-up to the International Conference on Financing for Development (*continued*) (A/C.2/58/L.39 and L.40)

(a) Follow-up to the International Conference on Financing for Development (*continued*)

(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development (*continued*)

Draft resolution A/C.2/58/L.39

5. **Mr. Severin** (Saint Lucia) introduced the draft resolution entitled "High-level Dialogue on Financing for Development", drafted by the President of the General Assembly. In paragraph 11, the words "issues such as" should be inserted after the word "on". The draft resolution did not repeat the agreed language of the Monterrey Consensus and other resolutions on substantive issues; it focused instead on follow-up through mechanisms to foster implementation and the monitoring and assessment of implementation. Overwhelming support from all Member States and early adoption of the draft would send a clear signal of how serious the international community was about implementing the Monterrey Consensus and the policy pronouncements made during the High-level Dialogue.

Draft resolution A/C.2/58/L.40

6. **Mr. Siv** (United States of America) introduced the draft resolution entitled "Follow-up to the International Conference on Financing for Development", noting that it responded to the request of the Financing for Development Office for timely political guidance and offered specific, practical steps that the Office should take in carrying out its mandate.

7. **Mr. Bernardini** (Italy), speaking on behalf of the European Union, said that, while the European Union was satisfied with the outcome of the High-level Dialogue and welcomed draft resolutions A/C.2/58/L.39 and A/C.2/58/L.40, it had some problems with the former and felt that the latter needed

to be improved. The drafts could be combined into a single resolution.

8. **Mr. Benmellouk** (Morocco), speaking on behalf of the Group of 77 and China, said that the Group would seriously consider the European Union's suggestion of merging the two resolutions into a single resolution.

Other matters

9. **Mr. Ghigo** (Malta), reporting on the activities of the Ad Hoc Working Group on Informatics established under Economic and Social Council resolution 1995/61, said that, over the past few years, the Working Group had played a key role in the continuous improvement of information technology services and training provided to delegates at United Nations Headquarters. Those activities had included providing and maintaining personal computers in conference areas; making more official documents available on the Internet; and developing training programmes for Member States on the use of various information technology services.

10. One of the latest projects was a booklet entitled "Internet Services for Delegates", which provided information about various Secretariat information technology services. The Working Group was also developing a software program, which would allow delegates to download onto Personal Digital Assistants practical data, such as the *Journal of the United Nations* and other topical information relating to their work at the United Nations.

The meeting rose at 4 p.m.